

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Columbia	County Van Buren
Fiscal Year End 03-31-07	Opinion Date September 26, 2007	Date Audit Report Submitted to State September 28, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).



Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☒ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe) SAS 112 report	<input checked="" type="checkbox"/>		
Certified Public Accountant (Firm Name) Siegfried Crandall, PC		Telephone Number (269)381-4970	
Street Address 246 East Kilgore Road		City Kalamazoo	State MI
Zip 49002			
Authorizing CPA Signature 		Printed Name James C. Baker	License Number 1101010743

*Township of Columbia*  
*Van Buren County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2007*

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## INDEPENDENT AUDITORS' REPORT

**Members of the Township Board  
Township of Columbia, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Columbia, Michigan, as of March 31, 2007, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Columbia, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly and in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Columbia, Michigan, as of March 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, on pages 18 through 22, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Columbia, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Columbia, Michigan's, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sigfried Crandall P.C.*

September 26, 2007

## **BASIC FINANCIAL STATEMENTS**

**Township of Columbia**  
**STATEMENT OF NET ASSETS**  
 March 31, 2007

	<u><b>Governmental activities</b></u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 1,448,223
Receivables, net	<u>129,137</u>
Total current assets	<u>1,577,360</u>
Noncurrent assets:	
Receivables due beyond one year	38,015
Capital assets not being depreciated - land	28,500
Capital assets being depreciated, net of accumulated depreciation	<u>773,900</u>
Total noncurrent assets	<u>840,415</u>
Total assets	<u>2,417,775</u>
<b>LIABILITIES</b>	
Current liabilities:	
Current portion of long-term debt	18,391
Payables	<u>45,570</u>
Total current liabilities	63,961
Noncurrent liabilities - long-term debt	<u>86,671</u>
Total liabilities	<u>150,632</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	697,338
Restricted for:	
Public safety	554,746
Public works	624,624
Health and welfare	39,703
Community and economic development	88,082
Unrestricted	<u>262,650</u>
Total net assets	<u>\$ 2,267,143</u>

See notes to financial statements

**Township of Columbia**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2007

		<u>Program revenues</u>		<u>Net (expenses) revenues and changes in net assets</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	
<b>Functions/Programs</b>	<u>Expenses</u>			
Governmental activities:				
Legislative	\$ 5,384	\$ -	\$ -	\$ (5,384)
General government	204,168	53,129	-	(151,039)
Public safety	225,763	21,399	1,410	(202,954)
Public works	112,400	33,379	4,732	(74,289)
Health and welfare	30,163	-	-	(30,163)
Community and economic development	18,941	3,655	-	(15,286)
Culture and recreation	19,221	-	-	(19,221)
Interest on long-term debt	<u>5,361</u>	<u>-</u>	<u>-</u>	<u>(5,361)</u>
Total governmental activities	<u>\$ 621,401</u>	<u>\$ 111,562</u>	<u>\$ 6,142</u>	<u>(503,697)</u>
General revenues:				
Taxes				655,002
State grants				187,316
Investment income				16,126
Other				<u>-</u>
Total general revenues				<u>858,444</u>
Change in net assets				354,747
Net assets - beginning				<u>1,912,396</u>
Net assets - ending				<u>\$ 2,267,143</u>

See notes to financial statements



**Township of Columbia**  
**BALANCE SHEET - governmental funds**  
 March 31, 2007

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	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Police</u>
<b>ASSETS</b>				
Cash	\$ 247,689	\$ 573,348	\$ 503,887	\$ 5,427
Receivables	<u>44,006</u>	<u>29,258</u>	<u>34,816</u>	<u>12,907</u>
 Total assets	 <u>\$ 291,695</u>	 <u>\$ 602,606</u>	 <u>\$ 538,703</u>	 <u>\$ 18,334</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities - payables	<u>\$ 10,344</u>	<u>\$ -</u>	<u>\$ 17,938</u>	<u>\$ 6,784</u>
Fund balances:				
Reserved for:				
Building inspection	18,701	-	-	-
Long-term receivables	-	-	-	-
Unreserved	262,650	602,606	520,765	11,550
Unreserved reported in nonmajor - special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total fund balances	 <u>281,351</u>	 <u>602,606</u>	 <u>520,765</u>	 <u>11,550</u>
 Total liabilities and fund balances	 <u>\$ 291,695</u>	 <u>\$ 602,606</u>	 <u>\$ 538,703</u>	 <u>\$ 18,334</u>

Total fund balances

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of *governmental activities*

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<u>Hospital</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
\$ 3,140	\$ 114,732	\$ 1,448,223
<u>3,572</u>	<u>42,593</u>	<u>167,152</u>
<u>\$ 6,712</u>	<u>\$ 157,325</u>	<u>\$ 1,615,375</u>
<u>\$ 6,712</u>	<u>\$ 3,792</u>	<u>\$ 45,570</u>
-	-	18,701
-	38,015	38,015
-	-	1,397,571
<u>-</u>	<u>115,518</u>	<u>115,518</u>
<u>-</u>	<u>153,533</u>	<u>1,569,805</u>
<u>\$ 6,712</u>	<u>\$ 157,325</u>	<u>\$ 1,615,375</u>
		\$ 1,569,805
		802,400
		<u>(105,062)</u>
		<u>\$ 2,267,143</u>

See notes to financial statements

**Township of Columbia****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - governmental funds***Year ended March 31, 2007*

	<u>General</u>	<u>Road</u>	<u>Fire</u>
<b>REVENUES</b>			
Taxes	\$ 97,848	\$ 228,040	\$ 270,129
State grants	187,316	4,732	-
Licenses and permits	21,163	-	-
Charges for services	13,456	186	55
Interest and rentals	2,370	11,521	14,831
Other	30,565	-	-
Total revenues	<u>352,718</u>	<u>244,479</u>	<u>285,015</u>
<b>EXPENDITURES</b>			
Legislative	5,384	-	-
General government	193,226	-	-
Public safety	19,328	-	76,303
Public works	25,085	69,976	-
Health and welfare	102	-	-
Recreation and culture	-	-	-
Community and economic development	18,941	-	-
Capital outlay	5,637	-	50,882
Debt service:			
Principal	-	-	15,371
Interest	-	-	1,472
Total expenditures	<u>267,703</u>	<u>69,976</u>	<u>144,028</u>
<b>EXCESS (DEFICIENCY OF REVENUES OVER EXPENDITURES)</b>	<u>85,015</u>	<u>174,503</u>	<u>140,987</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(666)	-	-
Total other sources (uses)	<u>(666)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	84,349	174,503	140,987
<b>FUND BALANCES - BEGINNING</b>	<u>197,002</u>	<u>428,103</u>	<u>379,778</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 281,351</u>	<u>\$ 602,606</u>	<u>\$ 520,765</u>

<u>Police</u>	<u>Hospital</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
\$ 97,017	\$ 27,641	30,219	\$ 750,894
-	-	1,410	193,458
-	-	-	21,163
-	-	-	13,697
81	-	4,271	33,074
-	-	30,372	60,937
<u>97,098</u>	<u>27,641</u>	<u>66,272</u>	<u>1,073,223</u>
-	-	-	5,384
-	-	-	193,226
85,548	-	1,498	182,677
-	-	15,788	110,849
-	28,307	1,754	30,163
-	-	19,221	19,221
-	-	-	18,941
-	-	-	56,519
-	-	46,111	61,482
-	-	3,889	5,361
<u>85,548</u>	<u>28,307</u>	<u>88,261</u>	<u>683,823</u>
<u>11,550</u>	<u>(666)</u>	<u>(21,989)</u>	<u>389,400</u>
-	666	-	666
-	-	-	(666)
-	666	-	-
11,550	-	(21,989)	389,400
-	-	175,522	1,180,405
<u>\$ 11,550</u>	<u>\$ -</u>	<u>\$ 153,533</u>	<u>\$ 1,569,805</u>

See notes to financial statements

***Township of Columbia***

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - governmental funds (Continued)**

*Year ended March 31, 2007*

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	<b><i>Total governmental funds</i></b>
	<hr/>
Net change in fund balances - total governmental funds (from page 8)	\$ 389,400
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
Capital assets:	
Capital outlay	46,350
Provision for depreciation	(45,410)
Long-term debt - payments	61,482
Changes in other assets/liabilities - increase in deferred revenue	<u>(97,075)</u>
Change in net assets of <i>governmental activities</i>	<u><u>\$ 354,747</u></u>

*See notes to financial statements*

***Township of Columbia***  
**STATEMENT OF FIDUCIARY NET ASSETS - *Agency funds***  
*March 31, 2007*

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**ASSETS**

Cash	\$ <u>53,378</u>
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**LIABILITIES**

Due to other units of government	\$ <u>53,378</u>
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*See notes to financial statements*

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Columbia, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Fund accounts for the Township's share of highway and road preservation, maintenance and repair expenditures. Revenues are primarily derived from property taxes.

The Fire Fund accounts for the operating and capital costs of fire protection services. Revenues are primarily derived from property taxes.

The Police Fund accounts for the operating and capital costs of police service. Revenues are primarily derived from property taxes.

The Hospital Fund accounts for a portion of operating and capital costs of South haven Hospital Authority. Revenues are primarily derived from property taxes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

The Township reports a single fiduciary fund, its Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

*d) Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.



**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**d) Assets, liabilities, and net assets or equity (continued):**

iii) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 - 40 years
Equipment	5 - 10 years
Vehicles	5 - 15 years
Roads	5 - 30 years

iv) *Deferred revenue* - Governmental funds report deferred revenue in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and activity. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. Significant budget variations during the current fiscal year were as follows:

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Police	Public safety	\$ 81,100	\$ 85,548	\$ 4,448
Hospital	Health and welfare	21,572	28,307	6,735
Senior Services	Recreation and culture	-	19,221	19,221

**NOTE 3 - CASH:**

The Township's cash is as follows:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Cash	\$ 1,448,223	\$ 53,378	\$ 1,501,601

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2007, cash included deposits with financial institutions of \$1,501,349.

**Deposits:**

Custodial credit risk of deposits is the risk that in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of March 31, 2007, \$1,257,656 of the Township's corresponding bank balances of \$1,596,091 was exposed to custodial credit risk because it was uninsured.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the Township's individual major funds, and aggregate remaining funds are as follows:

<i>Fund</i>	<i>Property taxes</i>	<i>Inter- governmental</i>	<i>Accounts</i>	<i>Loans</i>	<i>Total</i>
General	\$ 12,593	\$ 29,093	\$ 2,320	\$ -	\$ 44,006
Road	29,258	-	-	-	29,258
Fire	34,816	-	-	-	34,816
Police	12,907	-	-	-	12,907
Hospital	3,572	-	-	-	3,572
Other governmental funds	3,563	-	1,015	38,015	42,593
Totals	<u>\$ 96,709</u>	<u>\$ 29,093</u>	<u>\$ 3,335</u>	<u>\$ 38,015</u>	<u>\$ 167,152</u>
Amounts due beyond one year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,015</u>	<u>\$ 38,015</u>

All receivables are considered fully collectible.

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2007, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Capital assets being depreciated:				
Buildings and improvements	\$ 596,442	\$ -	\$ -	\$ 596,442
Vehicles	213,281	-	-	213,281
Equipment and furniture	155,570	46,350	-	201,920
Subtotal	<u>965,293</u>	<u>46,350</u>	<u>-</u>	<u>1,011,643</u>
Less accumulated depreciation for:				
Buildings and improvements	(60,898)	(17,823)	-	(78,721)
Vehicles	(84,422)	(14,616)	-	(99,038)
Equipment and furniture	(47,013)	(12,971)	-	(59,984)
Subtotal	<u>(192,333)</u>	<u>(45,410)</u>	<u>-</u>	<u>(237,743)</u>
Total capital assets being depreciated, net	772,960	940	-	773,900
Land	<u>28,500</u>	<u>-</u>	<u>-</u>	<u>28,500</u>
Capital assets, net	<u>\$ 801,460</u>	<u>\$ 940</u>	<u>\$ -</u>	<u>\$ 802,400</u>

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 5 - CAPITAL ASSETS (Continued):**

Depreciation expense was charged to functions of the Township as follows:

General government	\$ 7,014
Public safety	36,845
Public works	<u>1,551</u>
 Total	 <u>\$ 45,410</u>

**NOTE 6 - PAYABLES:**

Payables as of year end for the Township's individual major funds, and aggregate remaining funds are as follows:

	<u>Accounts</u>	<u>Intergovern- mental</u>	<u>Total</u>
General	\$ 10,344	\$ -	\$ 10,344
Fire	17,938	-	17,938
Police	-	6,784	6,784
Hospital	-	6,712	6,712
Other governmental funds	<u>-</u>	<u>3,792</u>	<u>3,792</u>
 Total	 <u>\$ 28,282</u>	 <u>\$ 17,288</u>	 <u>\$ 45,570</u>

**NOTE 7 - LONG-TERM DEBT:**

Long-term debt of the Township consists of a 4.14% \$250,000 Installment Purchase Contract, authorized under Michigan P.A. 99 of 19933, as amended. The note was issued in connection with the construction of a new fire station facility. The note is due in quarterly installments of \$5,614, including interest. In January 2007, the Township paid an additional \$50,000 on the note, reducing the final maturity date from July 2019 to April 2012.

Long-term debt activity for the year ended March 31, 2007, was as follows:

	<u>Beginning balance</u>	<u>Debt issued</u>	<u>Principal payments</u>	<u>Ending balance</u>	<u>Current maturities</u>
2005 4.14% \$250,000 note payable, bank	<u>\$ 166,544</u>	<u>\$ -</u>	<u>\$ (61,482)</u>	<u>\$ 105,062</u>	<u>\$ 18,391</u>

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 7 - LONG-TERM DEBT (Continued):**

Future debt requirements at March 31, 2007, are as follows:

<i>Year ended March 31,</i>	<i>Principal</i>	<i>Interest</i>
2008	\$ 18,391	\$ 4,067
2009	19,164	3,293
2010	19,970	2,487
2011	20,809	1,648
2012	21,684	773
2013	<u>5,044</u>	<u>52</u>
Total	\$ <u>105,062</u>	\$ <u>12,320</u>

**NOTE 8 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. The plan covers all full-time employees (over 20 hours per week) and Township trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township contributes 30-10% of each qualified employee's base salary to the plan. The Township's contributions are fully vested immediately. The Township made the required contributions of \$5,150 for the year ended March 31, 2007. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

**NOTE 10 - INTERFUND TRANSFERS:**

The General Fund transferred \$666 to the Hospital Fund in support of certain operating costs.

**NOTE 11 - CONSTRUCTION CODE ACTIVITY:**

The Township accounts for construction code activity within the General Fund. A summary of activity for the year ended March 31, 2007 is as follows. The unexpended balance as of year end is presented as a reservation of the fund balance of the General Fund.

Revenues	\$ 17,053
Expenses	<u>17,495</u>
Deficiency	(442)
Unexpended balance - beginning of year	<u>19,143</u>
Unexpended balance - end of year	<u>\$ 18,701</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Township of Columbia**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 65,000	\$ 73,000	\$ 97,848	\$ 24,848
State grants	190,000	190,000	187,316	(2,684)
Licenses and permits	25,800	26,500	21,163	(5,337)
Charges for services	11,690	16,740	13,456	(3,284)
Interest and rentals	120	1,326	2,370	1,044
Other:				
Special assessments	2,000	2,000	2,821	821
Miscellaneous	10,450	23,188	27,744	4,556
Total revenues	<u>305,060</u>	<u>332,754</u>	<u>352,718</u>	<u>19,964</u>
<b>EXPENDITURES</b>				
Legislative	<u>5,464</u>	<u>5,510</u>	<u>5,384</u>	<u>126</u>
General government:				
Supervisor	13,928	13,928	8,934	4,994
Election	11,350	11,370	3,199	8,171
Assessor	33,426	33,546	33,485	61
Clerk	14,960	15,071	15,037	34
Board of review	900	900	57	843
Treasurer	18,137	18,548	18,427	121
Hall and grounds	15,837	15,837	13,329	2,508
Cemetery	22,581	24,496	19,772	4,724
Other	91,391	93,316	80,986	12,330
Total general government	<u>222,510</u>	<u>227,012</u>	<u>193,226</u>	<u>33,786</u>
Public safety:				
Neighborhood watch	1,200	1,834	1,833	1
Building inspection	20,600	20,600	17,495	3,105
Total public safety	<u>21,800</u>	<u>22,434</u>	<u>19,328</u>	<u>3,106</u>
Public works:				
Street lights	4,800	4,800	4,090	710
Transfer station	27,750	27,750	20,995	6,755
Total public works	<u>32,550</u>	<u>32,550</u>	<u>25,085</u>	<u>7,465</u>

**Township of Columbia****BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2007

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	<b><u>Original budget</u></b>	<b><u>Amended budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance favorable (unfavorable)</u></b>
<b>EXPENDITURES (Continued)</b>				
Health and welfare	<u>\$ 69,000</u>	<u>\$ 6,000</u>	<u>\$ 102</u>	<u>\$ 5,898</u>
Community and economic development:				
Planning	19,260	19,260	7,674	11,586
Zoning	<u>9,760</u>	<u>14,060</u>	<u>11,267</u>	<u>2,793</u>
Total community and economic development	<u>29,020</u>	<u>33,320</u>	<u>18,941</u>	<u>14,379</u>
Capital outlay	<u>29,450</u>	<u>14,680</u>	<u>5,637</u>	<u>9,043</u>
Total expenditures	<u>409,794</u>	<u>341,506</u>	<u>267,703</u>	<u>73,803</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(104,734)	(8,752)	85,015	93,767
<b>OTHER FINANCING USES</b>				
Transfer out - Hospital Fund	<u>(618)</u>	<u>(666)</u>	<u>(666)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(105,352)	(9,418)	84,349	93,767
<b>FUND BALANCES - BEGINNING</b>	<u>197,002</u>	<u>197,002</u>	<u>197,002</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 91,650</u>	<u>\$ 187,584</u>	<u>\$ 281,351</u>	<u>\$ 93,767</u>



**Township of Columbia**  
**BUDGETARY COMPARISON SCHEDULE - Road Fund**  
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 145,000	\$ 173,090	\$ 228,040	\$ 54,950
State grants	4,500	4,735	4,732	(3)
Charges for services	1,000	186	186	-
Interest	200	12,395	11,521	(874)
Total revenues	150,700	190,406	244,479	54,073
<b>EXPENDITURES</b>				
Public works - highways and streets	<u>301,000</u>	<u>300,000</u>	<u>69,976</u>	<u>230,024</u>
<b>NET CHANGE IN FUND BALANCES</b>	(150,300)	(109,594)	174,503	284,097
<b>FUND BALANCES - BEGINNING</b>	<u>428,103</u>	<u>428,103</u>	<u>428,103</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 277,803</u>	<u>\$ 318,509</u>	<u>\$ 602,606</u>	<u>\$ 284,097</u>

**Township of Columbia**  
**BUDGETARY COMPARISON SCHEDULE - Fire Fund**  
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 225,987	\$ 225,621	\$ 270,129	\$ 44,508
Charges for services	100	100	55	(45)
Interest	<u>2,000</u>	<u>10,366</u>	<u>14,831</u>	<u>4,465</u>
Total revenues	<u>228,087</u>	<u>236,087</u>	<u>285,015</u>	<u>48,928</u>
<b>EXPENDITURES</b>				
Public safety - fire protection:				
Personnel costs	47,147	43,768	21,072	22,696
Recruitment and training	6,000	9,100	3,386	5,714
Insurance	14,500	14,500	14,465	35
Equipment and supplies	21,500	21,500	14,708	6,792
Occupancy	<u>23,881</u>	<u>23,468</u>	<u>22,672</u>	<u>796</u>
Total fire protection	113,028	112,336	76,303	36,033
Capital outlay	37,000	60,700	50,882	9,818
Debt service:				
Principal	20,527	20,527	15,371	5,156
Interest	<u>1,931</u>	<u>1,931</u>	<u>1,472</u>	<u>459</u>
Total expenditures	<u>172,486</u>	<u>195,494</u>	<u>144,028</u>	<u>51,466</u>
<b>NET CHANGE IN FUND BALANCES</b>	55,601	40,593	140,987	100,394
<b>FUND BALANCES - BEGINNING</b>	<u>379,778</u>	<u>379,778</u>	<u>379,778</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 435,379</u>	<u>\$ 420,371</u>	<u>\$ 520,765</u>	<u>\$ 100,394</u>

**Township of Columbia****BUDGETARY COMPARISON SCHEDULE - Police Fund**

Year ended March 31, 2007

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 81,000	\$ 81,000	\$ 97,017	\$ 16,017
Interest	<u>100</u>	<u>100</u>	<u>81</u>	<u>(19)</u>
Total revenues	81,100	81,100	97,098	15,998
<b>EXPENDITURES</b>				
Public safety - police	<u>76,600</u>	<u>81,100</u>	<u>85,548</u>	<u>(4,448)</u>
<b>NET CHANGE IN FUND BALANCES</b>	4,500	-	11,550	11,550
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ 11,550</u>	<u>\$ 11,550</u>

**Township of Columbia****BUDGETARY COMPARISON SCHEDULE - Hospital Fund**

Year ended March 31, 2007

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 20,000	\$ 20,906	\$ 27,641	\$ 6,735
<b>EXPENDITURES</b>				
Health and welfare	<u>20,618</u>	<u>21,572</u>	<u>28,307</u>	<u>(6,735)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(618)	(666)	(666)	-
<b>OTHER FINANCING SOURCES</b>				
Transfer in - General Fund	<u>618</u>	<u>666</u>	<u>666</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **SUPPLEMENTARY INFORMATION**

**Township of Columbia**  
**COMBINING BALANCE SHEET - other governmental funds**  
 March 31, 2007

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	<u>Ambulance</u>	<u>Liquor Law Enforcement</u>	<u>Saddle Lake</u>	<u>Senior Services</u>
<b>ASSETS</b>				
Cash	\$ 38,296	\$ 3,730	\$ 21,003	\$ 1,636
Receivables	<u>1,015</u>	<u>-</u>	<u>1,015</u>	<u>2,548</u>
Total assets	<u>\$ 39,311</u>	<u>\$ 3,730</u>	<u>\$ 22,018</u>	<u>\$ 4,184</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities - payables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,792</u>
Fund balances:				
Reserved for long-term receivables	-	-	-	-
Unreserved, undesignated	<u>39,311</u>	<u>3,730</u>	<u>22,018</u>	<u>392</u>
Total fund balances	<u>39,311</u>	<u>3,730</u>	<u>22,018</u>	<u>392</u>
Total liabilities and fund balances	<u>\$ 39,311</u>	<u>\$ 3,730</u>	<u>\$ 22,018</u>	<u>\$ 4,184</u>

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<i><b>Community Revolving</b></i>	<i><b>Total other governmental funds</b></i>
\$ 50,067	\$ 114,732
<u>38,015</u>	<u>42,593</u>
<u>\$ 88,082</u>	<u>\$ 157,325</u>
\$ -	\$ 3,792
38,015	38,015
<u>50,067</u>	<u>115,518</u>
<u>88,082</u>	<u>153,533</u>
<u>\$ 88,082</u>	<u>\$ 157,325</u>

**Township of Columbia****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - other governmental funds**

Year ended March 31, 2007

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	<u>Ambulance</u>	<u>Liquor Law Enforcement</u>	<u>Saddle Lake</u>	<u>Senior Services</u>
<b>REVENUES</b>				
Taxes	\$ 10,606	\$ -	\$ -	\$ 19,613
State grants	-	1,410	-	-
Interest and rentals	1,865	-	94	-
Other revenue	<u>-</u>	<u>-</u>	<u>30,372</u>	<u>-</u>
Total revenues	<u>12,471</u>	<u>1,410</u>	<u>30,466</u>	<u>19,613</u>
<b>EXPENDITURES</b>				
Public safety	-	1,498	-	-
Public works	-	-	15,788	-
Health and welfare	1,754	-	-	-
Recreation and culture	-	-	-	19,221
Debt service - principal	46,111	-	-	-
Debt service - interest	<u>3,889</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>51,754</u>	<u>1,498</u>	<u>15,788</u>	<u>19,221</u>
<b>NET CHANGE IN FUND BALANCES</b>	(39,283)	(88)	14,678	392
<b>FUND BALANCES - BEGINNING</b>	<u>78,594</u>	<u>3,818</u>	<u>7,340</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 39,311</u>	<u>\$ 3,730</u>	<u>\$ 22,018</u>	<u>\$ 392</u>



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<i><b>Community Revolving</b></i>	<i><b>Total other governmental funds</b></i>
\$ -	\$ 30,219
-	1,410
2,312	4,271
-	30,372
<u>2,312</u>	<u>66,272</u>
	1,498
-	15,788
-	1,754
-	19,221
	46,111
-	3,889
<u>-</u>	<u>88,261</u>
2,312	(21,989)
<u>85,770</u>	<u>175,522</u>
<u>\$ 88,082</u>	<u>\$ 153,533</u>

## **SUPPLEMENTARY DATA**

**Township of Columbia**  
**SCHEDULE OF DEBT REQUIREMENTS**  
 March 31, 2007

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2005 4.14% \$250,000 Instalment Purchase Contract

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 18,391	\$ 4,067	\$ 22,458
2009	19,164	3,293	22,457
2010	19,970	2,487	22,457
2011	20,809	1,648	22,457
2012	21,684	773	22,457
2013	<u>5,044</u>	<u>52</u>	<u>5,096</u>
	<u>\$ 105,062</u>	<u>\$ 12,320</u>	<u>\$ 117,382</u>

**Board of Trustees  
Township of Columbia  
Van Buren County, Michigan**

In planning and performing our audit of the financial statements of Township of Columbia, Michigan, as of and for the year ended March 31, 2007, in accordance with U.S. generally accepted auditing standards, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they had been implemented, but it did not include procedures to test the operating effectiveness of controls, and, accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we have identified certain deficiencies in internal control that we consider to be significant deficiencies and deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the following deficiency to be a significant deficiency in internal control.

- The Treasurer did not distribute, on a timely basis, certain collected property taxes collected during the year to other taxing units. The Treasurer must provide complete and accurate information regarding the Tax Collection Fund activity to the Clerk on a timely basis, so that the general ledger is up-to-date. By doing so, undistributed balances can be easily identified.
- The Treasurer did not provide to the Clerk, on a timely basis, information regarding transfers between cash and investment accounts. As a result, cash balances per the general ledger were not easily reconciled to the underlying support. The check and balance that is to result from the timely comparison between the Clerk and the Treasurer, of cash and investment balances is ineffective when information is missing or incorrect.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control. We believe that the following deficiency constitutes a material weakness.

- Policies and procedures to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to classify receipt and use of restricted contributions, recording receivables and payables, and changes in fixed assets, were not in place. As in prior years, the Township has relied upon our firm as auditor to identify and develop material adjustments necessary to convert cash basis financial statements into full accrual financial statements and to prepare the financial statements and appropriate disclosures. This service is allowable under current auditing standards and ethical guidelines, and may be the most efficient and effective method for preparation of the Township's financial statements. However, when an organization (on its own) lacks the ability to produce financial statements that conform to generally accepted accounting principles, or when material audit adjustments are identified by the auditor, auditing standards require that such conditions be communicated in writing as material weaknesses.

This report is intended solely for the information and use of the Township Board of Trustees, management, others within the Township and Department of Treasury of the State of Michigan, and is not intended to be and should not be used by anyone other than these specified parties.

*Signified Crandall P.C.*

September 26, 2007